m/23/003

BRUSHRESOURCES

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TOM MUNSON
UTAH DIVISION OF OIL, GAS AND MINING
1594 W. North Temple, Suite 1210
P.O. Box 145801
SLC, Utah 84114-5801

Date: Sept. 27, 2002

Dear Tom,

As we discused on the telephone September 24th we plan to meet with the Division representatives on Oct. 7 at 1:30 am to discuss and verify our current reclamation liability. It is unfortunate the current bonding market providers are in such a state of flux due to the fall out of 9-11, the collapse of ENRON, K-Mart and possibly TYCO and World Com.

Our current position with CNA's recent notice and the bonding markets current crisis, is for Brush to secure Irrevocable letters of credit to replace our bonds. It is important to us to expedite this process to maintain surety of our properties. Since the rates for letters of credit are substantially much higher in cost than our bonds have been, we must now have phase bond surety adjustments annually to match our current liability. For our convenience and yours we have waived this phase option in the past due to the affordability of our bonds.

Please consideration, our proposal attached for division approval of the phase surety amounts that we estimate are currently remaining on the Topaz Mining Property. We hope this methodology meets you requirements. We do not expect to disturb any new ground for the next few years. Please advise if you would like any further information to facilitate and expedite our next meeting.

Sincerely;

Greg Hawkins

Greg Hawkins
Vice. President

Attachment (1)

cc: Alex Boulton
John Wagner

Bond estimate Sept 02; ggh

-Attachment-

TO: GREG HAWKINS

FROM: MINE PLANNING / JOHN WAGNER

SUBJECT: MINE RECLAMATION – PROPOSED BONDING FOR EXISTING DISTUBANCES

DATE: SEPTEMBER 24, 2002

CC: ALEX BOULTON; FILE

Pursuant to our discussions, I have reviewed the existing disturbances at the mine. I have also reviewed the "Appendix VI - Reclamation Cost Estimate Data" in the Mining and Reclamation Plan (MRP). This cost data has not been changed since the approval of the 1988 Revision to the MRP. I compared the cost data to calculation methods derived by NAK Engineering (Kim Kneer) concerning the various reclamation treatments that would be applied to the existing disturbances. In addition, I used some assumptions to fill in the blanks on tasks not covered in the MRP.

The disturbance baseline data was defined by the DOGM in their letter of October 29, 2002. Adjustments to bring the baseline data up to date are as follows:

End of Year	Acres			Comments / Reclamation Activity
	Disturbed	Released	Balance	
1996	65	0	229.1	See DOGM letter dated October 29, 1996
1997	0	0	229.1	Reclaimed 52 acres (27 previously varianced)
1998	0	0	229.1	Monitoring of the reclaimed acres
1999	0	0	229.1	New Rainbow test plots (8 plots to test gravel)
2000	0	26	203.1	Released 59 acres (33 previously varianced)
				New Sigma Emma test plots (3 for holistic test)
				Company selected for Earth Day Award
2001	10.3	0	213.4	Formal approval for plan amendment
				Stripped alluvium from Rainbow 2
				Released Section 10 & closed BLM case file
				Reclaimed previously varianced ore pad

The DOGM letter of 1996 erroneously added 13 acres of the Section 16 North #1 pit twice. This was not realized until some time later and has never been addressed with DOGM. It is deducted from the balance from this point forward.

The "previously varianced" acreage refers to the North Blue Chalk #2 dump area that was raised during that excavation. The acreage was reclaimed immediately after construction. The release was granted by the DOGM after three growing seasons.

The "previously varianced ore pad" refers to 10.1 acres of the Roadside ore pad immediately southwest of the mine camp. This area was voluntarily reclaimed to test gravel augmented with composted manure and chemical fertilizer as a possible topsoil substitute, or "growth media".

A comparison of the 1996 letter and the current disturbed acreage is as follows:

Disturbance	Acreage in 1996	Acreage in 2001
Section 16 North #1 Dump	20.00	20.00
Roadside/Fluro #3 Pit	20.13	20.13
Roadside/Fluro #3 Dump	12.19	12.19
Section 16 North #1 Pit	39.40	26.40
Blue Chalk North #2 Pit	13.00	13.00
Blue Chalk North #1 Pit	20.64	20.64
Monitor #3 Pit	23.00	23.00
Monitor #3 Dump	29.00	3.00
Blue Chalk South Pit	21.74	21.74
Rainbow #2 Pit alluvium	0.00	10.30
Roads (estimated by BLM)	30.00	30.00
Total Acres	229.10	200.40

Reclamation treatments for the 200.4 disturbed acres consists of:

1. Constructing a pit berm around the Blue Chalk South Pit

2. Rounding dump top perimeters on Section 16 North #1, Roadside/Fluro #3 & Monitor #3

3. Placing topsoil on dump tops in one-half foot thickness on Section 16 North #1 & Roadside/Fluro #3 and on the Rainbow #2 pit area

4. Spreading topsoil over the rounded dump top perimeters (if available) on Section 16 North #1, Roadside/Fluro #3 & Monitor #3 and on the Rainbow #2 pit area

5. Broadcasting seeds Section 16 on North #1, Roadside/Fluro #3 & Monitor #3 dumps and on the Rainbow #2 pit area

6. Applying manure (if available) and/or chemical fertilizer on Section 16 North #1, Roadside/Fluro #3 & Monitor #3 dumps and on the Rainbow #2 pit area

7. Scarifying the dump tops with a "sheepsfoot" or similar implement on Section 16 North #1 & Roadside/Fluro #3 and on the Rainbow #2 pit area

Variance from Rule M-10 (5) for reclamation treatments for pits was approved in the 1998 Revision to the MRP. The reasons for the variance include the need for access to underground reserves, infeasible or unavailable backfill material, and adequate safety and stability of highwalls in the post reclamation period. If a request for variance from the above listed open pit disturbances was granted, then the remaining disturbed acreage requiring reclamation treatments is 75.49 acres. The remaining acreage includes the Rainbow #2 alluvium stripping disturbance, which would receive reclamation treatments similar to dumps but without the rounding. Roads that travel through the property or are asserted by Juab County would not be reclaimed. Roads entering mining areas would be reclaimed as described in the 1998 Revision text. The following table estimates the cost for reclaiming the existing disturbances as defined above. Current equipment rates were used with

productivity calculations from the MRP Appendix VI. It was assumed that topsoil, growth media and manure stockpiles on hand are in adequate supply for the contemplated work.

Reclamation Cost Estimate

Task	Total $	Acres *(ft)*	$/Acre *(ft)*
Construct pit berms	$ 2,370	*2,800*	$ *0.85*
Rounding dumps	$ 11,332	35.19	$ 322
Topsoil dump top	$ 25,483	45.49	$ 560
Rip dump top	$ 6,369	45.49	$ 140
Revegetate dump top	$ 11,891	45.49	$ 261
Sheepsfoot dump top	$ 6,777	45.49	$ 149
Fertilize dump top	$ 6,708	45.49	$ 147
Rip, regrade roads	$ 14,070	30	$ 469
Revegetate roads	$ 18,330	30	$ 611
Totals	$ 103,328	75.49	
Dump cost per acre			$ 1,580
Road cost per acre			$ 1,080
Rainbow cost per acre			$ 1,258

In conclusion, the current liability is estimated at $103,328. This amount may require some escalation, but most of the cost parameters are up to date. The typical additions for contingency and supervision have not been included.